



RAILROAD COMMISSION OF TEXAS

HEARINGS DIVISION

OIL AND GAS DOCKET NO. 7B-0284849

**THE APPLICATION OF STEPHENS & JOHNSON OPERATING CO. TO CONSIDER
AUTHORITY PURSUANT TO STATEWIDE RULE 23 FOR THE TEAFF, N.D.-A- LEASE,
WELL NO. 1, AND RISTER, W.H., ETAL LEASE, WELL NO. 1, DYESS (FRY SAND)
FIELD, TAYLOR COUNTY, TEXAS**

HEARD BY: Richard D. Atkins, P.E. - Technical Examiner
Marshall F. Enquist - Legal Examiner

DATE OF HEARING: November 6, 2013

APPEARANCES: **REPRESENTING:**

APPLICANT:

Dale E. Miller

Stephens & Johnson Operating Co.

EXAMINERS' REPORT AND RECOMMENDATION

STATEMENT OF THE CASE

Stephens & Johnson Operating Co. ("Stephens & Johnson") requests authority pursuant to Statewide Rule 23 to pull up to 20 inches of mercury vacuum on the N. D. Teaff -A- and W. H. Rister, etal Leases, Well No. 1, Dyess (Fry Sand) Field, Taylor County, Texas. Notice was provided to offset operators surrounding the above referenced leases and no protests were received.

The application is unprotested and the examiners recommend approval of authority pursuant to Statewide Rule 23 to pull up to 20 inches of mercury vacuum on the subject wells, as requested by Stephens & Johnson.

DISCUSSION OF THE EVIDENCE

The Dyess (Fry Sand) Field was discovered in May 1959 at an average depth of 4,200 feet. There are 2 producing oil wells, one producing gas well and two operators carried on the proration schedules. Stephens & Johnson operate the two producing oil wells in the field. The field operates under Field Rules that provide for 330'-933' well spacing and 20 acre density. Cumulative production from the field through August 2013 is 1.6 MMBO and 3.9 BCFG.

The two subject leases and wells were inspected by a RRC inspector on August 23, 2013, and were found to be in violation of Statewide Rule 8, for oil spills, and Statewide Rule 23, for the use of vacuum pumps without a permit. At the hearing, the examiners discovered that the two subject wells have been on vacuum pumps since March 1990. Since the wells are currently in violation of Statewide Rule 23 for use of a vacuum pump without a permit, Commission policy is to only approve a vacuum pump permit going forward from the date of the issuance of a Commission final order. The examiners will notify Field Operations of the Statewide Rule 23 issues, so that Field Operations can determine if any enforcement action is appropriate.

Stephens & Johnson measured the bottomhole pressures in the two subject wells on October 28, 2013. The N. D. Teaff -A- Lease, Well No. 1, had a bottomhole pressure of 16 psig and the W. H. Rister, etal Lease, Well No. 1, had a bottomhole pressure of 40 psig. Stephens & Johnson calculated remaining oil reserves on each well to be 43,749 barrels and 76,079 barrels, respectively, and believes that, due to the low bottomhole pressures, the remaining oil reserves would not be produced without the use of vacuum pumps. Stephens & Johnson opined that the installation of vacuum pumps has proven effective in recovering additional oil reserves from each well by increasing the production rate and lowering the decline rate. Stephens & Johnson requests authority to pull up to 20 inches of mercury vacuum on the two subject wells.

FINDINGS OF FACT

1. Proper notice of this hearing was given at least ten (10) days prior to the date of the hearing and no protests to the application were received.
2. The Dyess (Fry Sand) Field was discovered in May 1959 at an average depth of 4,200 feet.
 - a. There are 2 producing oil wells, one producing gas well and two operators carried on the proration schedules.
 - b. Stephens & Johnson Operating Co. ("Stephens & Johnson") operate the two producing oil wells in the field.

- c. The field operates under Field Rules that provide for 330'-933' well spacing and 20 acre density.
- 3. The two subject leases and wells were inspected by a RRC inspector on August 23, 2013, and were found to be in violation of Statewide Rule 8, for oil spills, and Statewide Rule 23, for the use of vacuum pumps without a permit.
 - a. The two subject wells have been on vacuum pumps since March 1990.
 - b. Since the wells are currently in violation of Statewide Rule 23 for use of a vacuum pump without a permit, Commission policy is to only approve a vacuum pump permit going forward from the date of the issuance of a Commission final order.
 - c. Field Operations will be notified of the Statewide Rule 23 issues, so that Field Operations can determine if any enforcement action is appropriate.
- 4. The use of a vacuum pump to pull up to 20 inches of mercury vacuum on the subject wells is appropriate.
 - a. Stephens & Johnson measured the bottomhole pressures in the two subject wells on October 28, 2013. The N. D. Teaff -A- Lease, Well No. 1, had a bottomhole pressure of 16 psig and the W. H. Rister, etal Lease, Well No. 1, had a bottomhole pressure of 40 psig.
 - b. Stephens & Johnson calculated remaining oil reserves on each well to be 43,749 barrels and 76,079 barrels, respectively.
 - c. Due to the low bottomhole pressures, the remaining oil reserves would not be produced without the use of vacuum pumps.
 - d. The installation of vacuum pumps has proven effective in recovering additional oil reserves from each well by increasing the production rate and lowering the decline rate.

CONCLUSIONS OF LAW

- 1. Proper notice was issued as required by all applicable statutes and regulatory codes.
- 2. All things have occurred and been accomplished to give the Commission jurisdiction in this matter.

3. Approval of the requested authority pursuant to Statewide Rule 23 to pull up to 20 inches of mercury vacuum on the subject wells will prevent waste and will not harm correlative rights.

EXAMINERS' RECOMMENDATION

Based on the above findings of fact and conclusions of law, the examiners recommend that the Commission grant Statewide Rule 23 authority to pull up to 20 inches of mercury vacuum on the subject wells, as requested by Stephens & Johnson Operating Co.



Karl Caldwell
Technical Examiner

Respectfully submitted,



Marshall F. Enquist
Legal Examiner